



**Moretonhampstead Parish Council
Financial Regulations 2018-19**

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These Financial Regulations were adopted by the Council at its Meeting held on 10th April 2018.

1. GENERAL

The Council in law must have a robust financial management system. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the Council. These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. All accounting procedures and financial records shall meet the requirements of the Accounts and Audit Regulations, appropriate Guidance and proper practices. These financial regulations demonstrate how the Council meets responsibilities and requirements.

2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

A Councillor is appointed as the Internal Financial Regulator to verify bank reconciliations (for all accounts) produced by the RFO and must sign/initial the as evidence of verification and report any irregularities to the full Council. The Internal Auditor appointed is competent and completely independent of the financial operations of the Council. The RFO completes the annual statement of accounts, annual report, and any related documents of the Council contained in the Annual Return.

3. BUDGET AND FORWARD PLANNING

The Finance and Policy (F&P) Committee reviews the yearly budget against spend regularly. F&P recommends to the full Council a draft budget for the following year before the end of the current financial year and in good time to apply for the precept. The F&P Committee makes recommendations to full Council for the use of reserves and sources of funding and update accordingly.

4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

Authorities for expenditure on items included in the approved budget:

Under £300	Clerk
£300-£600	Clerk and Chairman or Chairman of relevant committee
Over £600	Council
Emergency spend of £750	Clerk who must report to the Chairman asap
Contracts over £2,500	Tender process applies (see 11. Below)

Any expenditure more than stated in the budget must be approved by a resolution.

During the budget year and with the approval of council available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').

Unspent provisions in the budget may, with Council approval, be carried forward to a subsequent year. The salary budgets are to be reviewed at least annually in accordance with NALC guidelines.

Changes in earmarked reserves shall be approved by Council.

5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

The council's banking arrangements can only be approved by the Council and are regularly reviewed for safety and efficiency

The RFO presents a list of payments requiring authorisation at each full Council meetings (with supporting invoices available). Having satisfied itself the Council authorises payments by a resolution. The list is included in the relevant Council meeting minutes. The RFO is responsible for comparing invoices to confirm that the work, goods or services have been received or carried out, and represents

the expenditure previously approved by the council. The RFO has delegated authority to authorise the payment of items only in the following circumstances:

- a) *If a payment is necessary to avoid interest or other late payments charge. or*
- b) *fund transfers within the councils banking arrangements up to the sum of £10,000, provided that a list of such payments shall be submitted to the next appropriate meeting of council*

Councillors are subject to the Code of Conduct that has been adopted by the Council and comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

All payments are paid by bank transfer, or otherwise, in accordance with a resolution of Council. Payments are authorised by two Councillors. For internet banking the RFO is the Service Administrator. The Bank Mandate approved by the council identifies a number of councillors who have authorisation to approve transactions.

Direct debit or standing order instructions, authorised by two signatories, are set up for the payment of telephone, rent and rates. Payments are included in the monthly list for authorisation. Regular off site back-up copies of the records are made.

Remembered or saved passwords facilities must not be used on any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations. The council's computer has anti-virus, anti-spyware and firewall, software with automatic updates.

The Council does not hold petty cash. All cash received is banked intact. Any payments made in cash by the RFO (postage, refreshments etc) are refunded monthly.

7. PAYMENT OF SALARIES

Salary functions are contracted to Old Mill Accountants who make arrangements to comply with the statutory requirements placed on all employers by PAYE and National Insurance legislation.

Salary payments are reported at Council meetings. No changes can be made to employee's pay or terms and conditions of employment without the prior consent of council. Termination payments require authorisation of the Council. Terms for employing interim staff must be agreed by the Council beforehand. Salary records are confidential and not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:

- a) by any councillor who can demonstrate a need to know;
- b) by the internal auditor;
- c) by the external auditor; or
- d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.

8. LOANS AND INVESTMENTS

All borrowings, loans and investments require a resolution of the Council who must agree its terms and purpose.

9. INCOME

The RFO is responsible for collecting monies due to the Council. Any sums found to be irrecoverable and any bad debts will be reported to the Council and written off in the year. The Council will review all fees and charges annually. The RFO shall promptly complete any VAT Return that is required.

10. ORDERS FOR WORK, GOODS AND SERVICES

All Councillors and the RFO are responsible for obtaining value for money at all times, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis*

provisions in Regulation 11 (I) below. A Councillor may not issue an official order or make any contract on behalf of the Council. Contracts may not be disaggregated to avoid controls imposed by these regulations

11. CONTRACTS

Contracts must comply with these financial regulations, no exceptions will be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (vi) below:

- i. for the supply of gas, electricity, water, sewerage and telephone services;
- ii. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
- iii. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
- iv. for additional audit work of the external Auditor up to an estimated value of £500 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice Chairman of council); and
- v. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.

Contracts exceeding £2,500 for the supply of goods, works or materials or specialist the RFO shall invite tenders from at least three firms. The RFO can seek the necessary technical assistance to prepare a specification in appropriate cases. If less than three tenders are received or if all the tenders are identical the Council can make such arrangements as it thinks fit for procuring the goods or materials or executing the works. The Council is not be obliged to accept the lowest or any tender, quote or estimate.

12. ASSETS, PROPERTIES AND ESTATES

All title deeds and Land Registry Certificates of properties held by the Council are safely secured. The Council's Asset Register is regularly updated.

13. INSURANCE

The RFO ensures the Council is adequately insured and reports any changes to the F&P Committee. All Councillors, employees and volunteers are covered, fidelity guarantee insurance is included.

14. RISK MANAGEMENT

A risk policy statement is reviewed by the council annually.

15. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

The RFO monitors changes in legislation and proper practices and advises the council of any requirements for consequential amendments to these financial regulations.

The council may, by resolution of the council duly notified prior to the relevant meeting of council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of council.

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